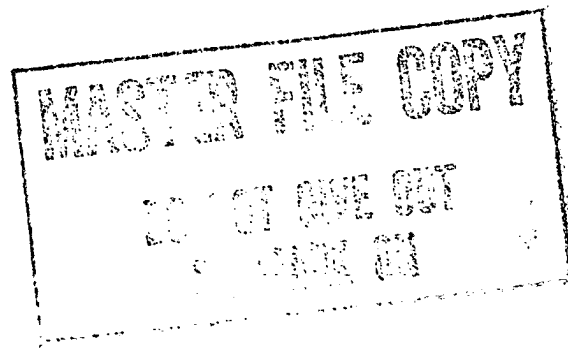




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Vietnam's Growing Population: Tough Choices for Hanoi

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A Research Paper

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*EA 83-10240
December 1983*

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Vietnam's Growing Population: Tough Choices for Hanoi

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A Research Paper

This paper was prepared by [] Office of
East Asian Analysis. Comments and queries are
welcome and may be directed to the Chief,
Southeast Asia Division, []

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**Vietnam's Growing Population:
Tough Choices for Hanoi**

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Summary

*Information available
as of 15 November 1983
was used in this report.*

According to official Vietnamese projections, Vietnam's population will increase from 56 million to as much as 90 million in the year 2000. Faced with this expansion, Vietnam will find it almost impossible to right its economy and reduce its dependence on the USSR for continued, massive economic aid:

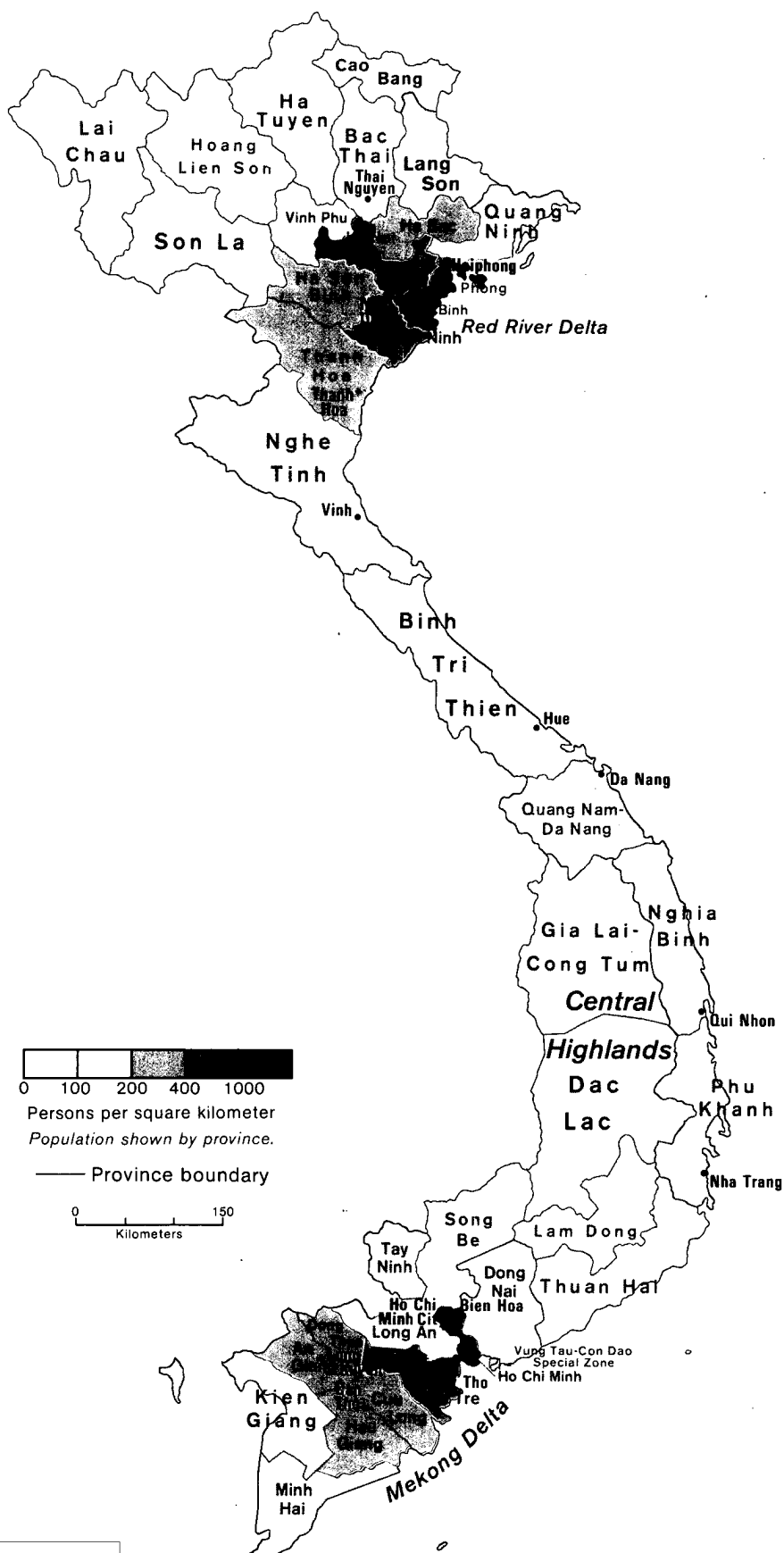
- Food shortages are chronic and the potential for increased agricultural production is limited by shortages of high-quality seeds, fertilizer, and equipment. There is no food reserve.
- Insufficient funds, equipment, and technical expertise will limit the industrial expansion needed to create jobs. Unemployment already averages about 20 percent.
- A crackdown on the private sector threatens both the limited progress made in increasing grain production and a promising source of jobs.

The policy options available to Hanoi to solve the dual problems of food shortages and unemployment—controlling population growth and sending more guest workers abroad, for example—offer little prospect for quick or lasting relief. As a result, even under the best circumstances we expect continued economic stagnation. Should Vietnam face severe food shortages as it did in 1978 and 1979, we would expect Hanoi to stop attempts to socialize the economy in an effort to increase domestic production. And, if forced to turn again to the Soviet Union for massive emergency aid, Hanoi might also have to allow a greater Soviet presence in Vietnam.

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Vietnam Population Density

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Vietnam's population doubled between 1950 and 1980 to more than 53 million, and Vietnamese demographers expect that number to rise to 75-90 million by the year 2000. This growth will strain the country's food resources and increase pressure on Vietnamese policymakers to allow continued expansion of the private sector as a means to create jobs.

Pressure on the Food Supply

Based on per capita land area, Vietnam's population does not appear impossibly large to support. Virgin agricultural land includes 1.5 million hectares of high potential in the Mekong Delta plus 3.5 million usable hectares in the coastal regions, the Central Highlands, and mountain areas. Higher yields could also raise production. Vietnamese agronomists calculate that for the better farm lands, yields per hectare could be doubled to 5 to 10 tons a year by improving farm technology and by multiple cropping. In fact, these agronomists, along with foreign specialists of the Economic and Social Council for Asia and the Pacific, believe that, if fully developed, the Mekong Delta by itself could feed more than 100 million people.

The present food situation, moreover, is the best since the Communist takeover in 1975. According to Vietnamese Government statistics, grain output increased 21 percent between 1979 and 1982 to reach 10.5 million tons (16.2 million tons if measured in paddy equivalent). In addition, food imports declined from 1.4 million tons in 1978 to 310,000 tons last year, and official data show no food imports during the first three quarters of 1983. In September, Politburo member To Huu claimed that Vietnam "for the first time" was "meeting its basic food needs by its own means."

But the Vietnamese will have difficulty maintaining their new self-sufficiency. The grain produced in 1982, after deductions for seed and losses, provided only 10.3 kilograms per month per person, down from 15 kg in the mid-1970s, and a further decline could

lead to serious malnutrition. Regime spokesmen admit that there is no food reserve. The increase in output was achieved by incentives instituted in 1979—halting collectivization of the south and allowing collectivized peasants to sell above-quota output on the free market—rather than by improved farm technology or increased inputs. These incentives, however, are already being retracted to speed up socialization of the southern economy,¹ a move that could lead to a sharp drop in production. Also, agriculture remains vulnerable to drought because there has been little expansion of irrigated areas; finally fertilizer application rates have not improved for years.

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Expanding production will be difficult. To maintain per capita grain supply at the 1982 level, Vietnamese farmers would have to increase production by 250,000 to 400,000 tons annually to keep pace with population growth. Annual increases of 600,000 to 750,000 tons would be needed to build food reserves, provide for minimal exports, and raise the level of consumption. But Vietnam does not have the resources to provide the quantity and quality of seeds, chemicals, irrigation, and equipment needed to sustain such increases.

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In addition, budgetary data Hanoi submitted to the IMF indicate a severe shortage of long-range funds to develop agriculture, and few of Vietnam's meager 222,000 high school, college, and technical school graduates can be spared to run large-scale research projects. Vietnamese technicians are just beginning to experiment with high-yield strains of rice. We conclude from these shortcomings that the great potential of the fertile Mekong Delta will be unrealized for many years.

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Vietnamese Population Trends

The bulk of our information on the Vietnamese population comes from data Hanoi released to the United Nations Fund for Population Activities between 1975 and 1982. This is supplemented by

the Vietnamese official media. All of the data is incomplete and unreliable; the US Census Bureau believes that there was substantial undercounting during the 1950s to the 1970s.

With 56.4 million people, Vietnam is the world's 11th most populous country, roughly equivalent to the UK, France, or Italy, and about 10 percent larger than Vietnam's Asian neighbors, Thailand or the Philippines. The US Census Bureau, adjusting for deficiencies in Vietnamese data, estimates that Vietnam's population grew from 27 million in 1950 to 55 million in 1981, an average annual rate of growth of 2.3 percent. Hanoi claims that the present rate is "slightly above 2 percent."

The annual rates of growth since World War II have been moderate compared with some other less developed countries. In this century, there have been two war-related slowdowns in population growth that have been at least partly responsible for this lower overall rate. The first was a famine that followed

World War II and killed 2 million people; the rate of population growth slowed to 1.4 percent during 1950-55. The second reduction took place during 1965-75, when war casualties and disruptions reduced the rate to 2.0 percent.

Population density in Vietnam is a moderate 170 persons per square kilometer. Substantial overcrowding exists in the Red River Delta, however, an area with 11 percent of the land and one-third of the population. Some provinces in the Delta have up to 1,100 persons per square kilometer.

Data Vietnam released in 1979 indicate that the labor force—by Vietnamese definition able-bodied persons aged 16 to 64—was 26.4 million. If it grew in proportion with the general population during the subsequent four years, it would be approximately 29 million today. By the same extrapolation from 1979, females in 1983 are 53 percent of the work force. Children through age 15 are about 45 percent of the population.

Official data indicate that unemployment for 1977 was about 4.4 million or 20 percent of the work force. We estimate 1983 unemployment to be 5.4 million and the rate to be roughly the same as in 1977.

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A Shortage of New Jobs

Vietnamese data suggests to us that unemployment has remained steady at about 20 percent since 1977. Because industrial production has either stagnated or fallen and the opening of virgin farm land has nearly halted since 1979, we also believe that the burgeoning private sector has absorbed the bulk of the 1.5 million people who enter the labor force each year.

Hanoi will find it increasingly difficult to keep the employment rate from getting worse. First, the leadership has become more and more concerned about the expansion of the private sector and has begun to restrict it. In its fourth party plenum held in June, the Central Committee officially endorsed a crackdown under way since early 1983. Vietnamese officials have

closed down private firms or greatly increased their tax rates and restricted the amount of money and goods that can be received from overseas Vietnamese. The regime acknowledges that the private sector still plays a useful role, and Hanoi is unlikely to eliminate those private production and distribution functions that the state sector cannot replace. Nonetheless, Hanoi's determination to reduce the size of the private sector will lead to a scarcity of goods and funds, harassment of private traders by security forces, and shrinking employment opportunities.

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Table 1
Vietnam: Population Profile, 1983*Million persons*
(except where noted)

Total population	56.4
North	29.2
South	27.2
Male	27.4
Female	29.0
Urban	10.8
Rural	45.6
Total labor force	29.0
Unemployed	5.4
Agricultural labor force	15.8
Nonagricultural labor force	13.2
Of which:	
Industrial workers	2.2
Construction workers	3.2
Graduate of high school and above	1.7
Managerial-technical-scientific	0.6
Skilled workers	1.1
School population	13.9
Graduates	0.22
Universities	0.03
High Schools	0.08
Worker training schools	0.11
Population distribution (1980)	
Red River Delta	17.5
Mekong Delta	13.1
Rest of Vietnam	25.8
Vital statistics (1980)	
Births per 1,000	29.3
Deaths per 1,000	7.0
Rate of increase (percent)	2.2
Population density (1980) (per square kilometer)	
Red River Delta	280-1,100
Mekong Delta	15-500
Rest of Vietnam	87

Source: Official Vietnamese statistics.

Secondly, as in the agricultural sector, Vietnam does not have the resources to expand industrial production significantly. A deficit of one-fourth of the national budget in 1982—caused by the need to subsidize workers and government officials so that they could purchase food and consumer goods on the free market—forced the government to consolidate or stretch out all capital construction projects. And statements by Vietnamese officials suggest that investment in centrally run industries such as power plants, textile mills, mines, chemical complexes, and engineering establishments may soon be cut back. Officials have noted that these enterprises have already been absorbing an undesirably larger share of total investment. By Hanoi's accounting, the percentage of total industrial investment these industries received grew from 62.5 percent in 1977 to 73.7 percent in 1981, the last year for which information is available. The resources allocated to these industries, moreover, have not been productive. In 1981 the firms employed 53.2 percent of industrial labor while producing only 33.4 percent of industrial output. [REDACTED]

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Employment prospects in local or collectively run industries are somewhat brighter. Many collectively run enterprises are financed by collective farms whose incomes have been rising as a result of the increase in agricultural production. The collective industries in the cities have been allowed to buy and sell in the private sector to gain better access to raw materials and profitable outlets for their products. Growth in these industries, however, remains problematic because it depends on continued good agricultural performance and on leniency toward the private sector. [REDACTED]

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Hanoi's Policy Options

The options open to Hanoi to solve the dual problems of food shortages and unemployment that will result from population growth are limited. [REDACTED]

[REDACTED] we expect a mix of policies. (C)

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The Growth of the Private Sector

From 1975 through late 1979, the Vietnamese leadership instituted controls to suppress capitalism in the south. Bank accounts were frozen, private businesses were closed, and trade was severely restricted. There were no compensations, however, to promote socialist economic activity. [redacted]

In much of the countryside, the government pushed collectivization hard. Forced sales of grain to the government at dictated low prices and roadblocks to prevent peasants from transporting grain to sell in cities reduced incentives to grow more than enough to meet family needs. As a result, there was a rapid decline in the south's total industrial and agricultural production. [redacted]

Faced with widespread malnutrition and the outbreak of war with China and Kampuchea, Hanoi in 1979 adopted emergency correctives to stop two years of declining production. Collectivization and the resettlement of peasants to virgin land were suspended. Physical barriers to trade were removed. Agricultural taxes were frozen. Increases to grain output were exempted from taxation through 1984. And permission was granted to withdraw money from formerly frozen bank accounts to finance new private enterprises. Finally, in 1981, collective land began to be leased to individual peasant families who contracted to provide the state with a stipulated amount of output; any excess belonged to the peasants. [redacted]

These policies, along with favorable weather, arrested the decline of the economy. But they also fostered a private sector that at the end of the first postwar five-year plan (1976-80) was producing more than 40 percent of Vietnam's industrial and agricultural output. In the south, the private sector today accounts for at least 60 percent of all retail trade, including food. Private traders buy grain from Mekong peas-

ants to sell in Ho Chi Minh City and other urban centers. The profits are used to finance small-scale private industry, to hoard and speculate, and to divert goods illegally from state channels. The Vietnamese media report that the profits of the private sector also have been used to corrupt officials and divert state raw materials, fuels, and manufactured products into illegal domestic and export channels. [redacted]

Even state enterprises are now involved in the private sector by keeping part of their output for unauthorized exchanges or sale outside the state plan. This allows them to make profits and to obtain raw materials the state cannot supply. [redacted]

Government efforts to compete with the private sector have worsened the plight of officials who depend on government subsidies for food and essential goods. Increases of 600 to 700 percent in 1982 government farm procurement prices—passed on through the economy—were accompanied by salary increases to government personnel of only 100 to 200 percent. The money the government printed to pay the procurement prices drove inflation up to well over 100 percent. This forced many officials to participate in the very sector they were charged with suppressing. [redacted]

Beginning in early 1983, the regime began to tighten controls on private operations. Registration drives identified businesses that had escaped taxation. Tax rates on all private businesses were drastically increased. Limits were placed on the receipt from relatives abroad of luxury consumer goods that supplied the private sector. Heavy fines and jail sentences have been handed out to the most ostentatious consumers among those enriched by free market operations. [redacted]

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Table 2
Vietnam: Use of Contraceptives, 1975-80

	1975	1976	1977	1978	1979	1980
IUD						
Total	145,828	361,878	364,083	348,899	270,777	278,432
North				280,028	182,424	216,506
South				68,871	88,353	61,926
Condom						
Total	1,000	2,398	197,806	360,095	467,951	394,862
North				217,800	326,891	251,548
South				142,295	141,060	143,314
Pill						
Total	1,000	7,134	36,270	113,945	112,359	109,251
North				4,369	6,177	9,266
South				109,576	106,182	99,985
Abortion						
Total	52,050	51,034	85,009	126,644	161,811	170,641
North				65,453	79,460	89,360
South				61,191	82,351	81,281
Sterilization						
Total	300	3,211	7,590	13,861	14,827	14,374
North				1,885	1,903	2,256
South				11,976	12,924	12,118
Male sterilization						
Total	NA	NA	NA	4,154	1,838	1,129
North				72	31	17
South				4,082	1,807	1,112
Female sterilization						
Total	NA	NA	NA	9,707	12,989	13,245
North				1,813	1,872	2,239
South				7,894	11,117	11,006

From UNFPA.



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Monetary Incentives for Birth Control in Model Province

Each woman who accepts an IUD receives 30 kg of rice and 10 days leave.

- *Those with one child also receive 100 dong.*
- *Those with two children also receive 70 dong.*

Each woman under 45 who goes five years without a child after her second receives 200 dong per year.

In Da Nang city only, women between 22 and 25 receive the following:

- *200 dong if there is a two-year interval between their first and second children.*
- *300 dong if there is a three-year interval between children.*
- *400 dong if there is a four-year interval between children.*

Localities that meet annual goals in birth control receive 2,000 to 3,000 dong.

Note: The average per capita income in 1982 was about 450 dong.

The first is *population control*. In 1980 Vietnam set a goal of reducing the natural rate of population increase to 0.1 to 0.2 percent a year, a limit of two to three children per mother. The government encourages postponing marriages (the minimum age for women is 18), delaying having children, spacing children at five-year intervals, limiting the number of children per family to two or three, and using contraceptives, abortions, and sterilization.

Vietnamese press reports claim that in the model province of Quang Nam-Da Nang, the birth rate has fallen from 3.05 to 1.84 per thousand. The birth control program in the province, however, was supplemented by intense propaganda, visits to families by medical personnel, and lavish financial incentives—practices Hanoi cannot afford to carry out nationwide.

In the event of severe food shortages, Hanoi can appeal for *increased foreign aid*. In the past, the USSR has provided up to 1 million tons of food a year when Vietnamese crops suffered heavy losses. Non-Communist donors have gone into action on Vietnam's behalf in the wake of natural disasters or to sustain special groups such as children. But the Soviets have been cutting back food aid, and non-Communist countries remain reluctant to provide assistance as long as Vietnamese troops remain in Kampuchea. We believe that Hanoi will be unable to solicit more than 1.5 million tons of grain aid a year regardless of the situation.

Hanoi could depend more on the *private sector* and on *incentives* to boost food production and create jobs. Hanoi is already moving away from this policy in the private sector, however, and there are some concerns about incentives in the socialist sector as well. Uncollectivized food production is under tighter control than at any time since late 1979; officials in the Mekong Delta are cracking down on excessive private land holdings, on the hiring of labor, and on private credit. The regime seems willing to suffer some loss in production for the sake of curbing the speculation, price-fixing, corruption, and tax-dodging that have become synonymous with the private farm sector and the free market that buys private grain.

The policy of allowing collectivized peasants to keep above-quota output and sell it freely has been expanding with the public support of top leaders. Some dissent, however, has appeared in official media, expressing apprehension that Vietnam may wind up with a farm system socialist in name but capitalist in fact. Like reliance on aid, reliance on incentives rapidly runs up against political costs unacceptable to Vietnamese leaders

Some of the new labor force entrants could be soaked up by an *expansion of the military*. The 1-million-man army so far has not placed an inordinately heavy burden on the food supply because many units grow their own food. But there are no indications that

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Vietnam intends to expand its combat forces in Kampuchea, Laos, or along the northern border with China, and additions to the ranks directed into quasi-economic units such as construction corps or state farm staffs would cut into job opportunities in the civilian sector. As a result, we doubt that an expanded military would have much impact on the employment picture. [REDACTED]

Hanoi might also press the Soviet and East European governments to take more *guest workers*. We estimate there are 70,000 to 100,000 Vietnamese workers in these countries; some 18,000 in the USSR and the rest in Czechoslovakia, East Germany, Hungary, and Romania. There is no indication, however, that the host countries intend to take large numbers of additional Vietnamese workers; agreements so far indicate the numbers will increase by only a few thousand in each country. [REDACTED]

Vietnam since 1975 has kept an open door to *joint ventures* with foreign partners who provide capital, technology, or foreign markets. Already established are a Soviet-Vietnamese company for exploration of offshore oil, a joint venture with a Japanese shrimp enterprise, and a few electronic and textile plants with French and Japanese partners. Vietnam also processes imported Soviet raw or intermediate materials into products for reexport. In application, however, this policy has been subverted by the muddled operations of the Vietnamese bureaucracy, and new applicants have been few. [REDACTED]

Neighboring Laos and Kampuchea are less densely populated than Vietnam, and there has been speculation [REDACTED]

[REDACTED] that Hanoi intends to *settle Vietnamese citizens throughout Indochina*. There is no evidence of such a policy. Before Lon Nol's coup against Prince Sihanouk in March 1970, there were 500,000 Vietnamese living in Kampuchea. Under both the Lon Nol and Pol Pot governments, the settler community was decimated; most of those not killed fled to southern Vietnam. Many of the original settlers have now returned, and they have been supplemented by farmers from Vietnam's western border provinces and by southern Vietnamese fleeing the crackdown on the private sector and induction into the

Table 3
Vietnam: Cities With Over 100,000 Population

	1960	1970	1979
Ho Chi Minh City	NA	NA	2,441,185
Haiphong	269,248	NA	830,755
Hanoi	643,576	NA	819,913
Da Nang	NA	384,880	318,655
Bien Hoa	NA	NA	190,086
Can Tho	NA	116,720	182,856
Nha Trang	NA	106,200	172,663
Hue	NA	183,780	165,865
Nam Dinh	NA	NA	161,180
Vinh	NA	NA	154,040
Thai Nguyen	NA	NA	138,023
Qui Nhon	NA	170,190	130,534
Hon Gay	NA	NA	115,488
Long Xuyen	NA	NA	112,488
Thanh Hoa	NA	NA	103,981
My Tho	NA	NA	101,496
Total			6,139,208

From US Bureau of the Census.

[REDACTED]

military. The Vietnamese population nonetheless remains below the 1970 level at 300,000 to 400,000. We know of no sizable Vietnamese settlements in Laos. Although Hanoi probably retains colonization as an option, we believe such a policy would be aimed at improving security in Kampuchea and thus would involve already productive, politically reliable agricultural and light industrial workers. As a result, we would expect little impact on the employment problem. [REDACTED]

Looking Ahead

As long as there is no resurgence of aid to Vietnam from non-Communist countries—an unlikely prospect while Vietnamese troops remain in Kampuchea—we look for years of economic stagnation, continued high

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unemployment, and no major improvement in the standard of living. Significant expansion of food production appears to be out of Hanoi's reach, and food aid is likely during emergencies. Industrial expansion, moreover, is unlikely without foreign technology, managerial expertise, and equipment. Both domestic and foreign aid resources for the near future by necessity will be used to relieve emergency shortages, and there will be little left over for building job-creating industrial plants or opening new lands for peasants. Even if non-Communist aid resumed, we would expect few short-term benefits. Vietnam's bureaucracy and its logistics system are incapable of absorbing much more aid. Soviet equipment has often been left undelivered in ports until it has rusted, and Vietnamese treatment of Western businessmen has been so abrasive and obstructive that they are not anxious to return.² [REDACTED]

major disaster—the threat of starvation as a result of severely weather-damaged crops, for example—Moscow could insist on a larger Soviet presence in Vietnam and perhaps greater use or even total control of some military bases. [REDACTED]

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Shortages of food and jobs will also undermine attempts to socialize the economy. Collectivization of agriculture and elimination of the private sector will have to be balanced continuously against potential damage to current food production and loss of jobs that the state sector cannot replace. We believe that a private sector and personal incentive policies in agriculture, even if nominally collectivized, will become a permanent part of the Vietnamese economy. [REDACTED]

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We think it unlikely that Hanoi will allow economic problems to lead to social turmoil that threatens the regime. Manipulation of the private sector will, as it has in the past, provide some relief during crises and, more importantly, Vietnam's extensive internal security apparatus can prevent the growth of organized domestic resistance and control spontaneous popular outbursts. At worst, Vietnam could become more dependent on the Soviet Union. Already unhappy with Vietnam's misuse of Soviet aid, Moscow has insisted on a growing role in Vietnamese economic decision making. If faced with providing relief for a [REDACTED]

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